

[Redacted]

From: S [Redacted] Zymis [Redacted]
Sent: 11 January 2019 17:04
To: Future Merton
Cc: R [Redacted] Brooke
Subject: RE: Future Wimbledon Masterplan Representation
Attachments: 19-01-11 Hermes Future Wimbledon Representation issue.pdf

Hi Paul,

Thank you for accepting our response on behalf of Hermes.

Please find it in the attached letter.

Kind regards,

S [Redacted] Zymis

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

11th January 2018



P ■ McGarry
Future Merton
9th Floor Merton Civic Centre
London Road
Morden
SM4 5DX



Dear ■

Future Wimbledon Masterplan Representation on Behalf of Hermes

I am writing to make representations on behalf of Hermes on the draft Future Wimbledon Masterplan (FWM). Hermes manages Wimbledon Bridge House opposite Wimbledon train station. We reviewed the draft FWM published by London Borough of Merton (LBM) in October 2018 and attended the landowners briefing. This letter sets out the impacts we believe the draft FWM will have on Wimbledon Bridge House and Wimbledon town centre and proposes changes to the plan.

In summary we expect that putting forward proposals for a new primary open space in the location where Wimbledon Bridge House currently sits will negatively affect the retail and office rents of the property and reduce future tenants' interest in the property. This is due to the uncertainty and blight that the proposals will create. We question whether it is necessary to adversely affect a prime property in the centre of Wimbledon. We anticipate that the proposed open space can still play a significant role if moved to an alternative location as part of the over station development.

Draft Future Wimbledon Masterplan

Relevant elements of the FWM are summarised below.

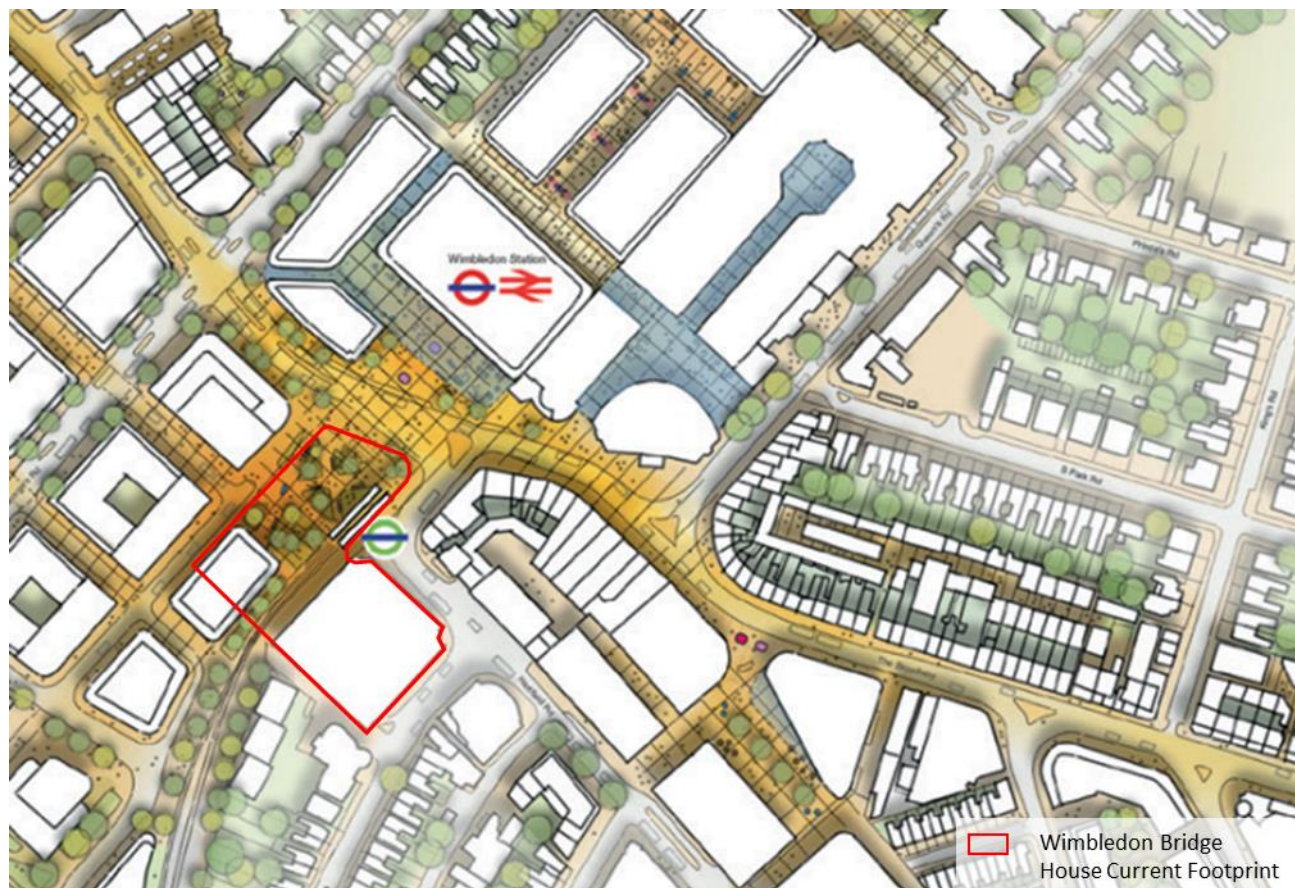
The objective of FWM is to assist in the delivery of good growth and guide developers and investors in making Wimbledon town centre a more attractive and successful location. It is not intended to introduce new planning policy but rather interpret the application of existing policies to new development proposals in the town centre.

LBM supports over station and over track development to provide additional floorspace and alleviate traffic issues. FWM sets out key principles for the station's improvement and integration with the rest of the centre to influence future plans for the station. The masterplan states that over station and over track development could be possible with or without Crossrail 2 (CR2). LBM confirmed that it will not use compulsory purchase powers and therefore it is unclear how the full vision of FWM will be implemented without CR2 moving forward or whether such development is feasible and viable.

FWM recognises out-commuting as a challenge for Wimbledon and emphasises the need for more opportunities to work and shop locally. Attraction of new businesses to the town centre is therefore important for LBM. Currently FWM says that office developments providing large floor plates are limited in Wimbledon town centre while there is a strong demand for this type of floorspace. The masterplan suggests that delivery of new and refurbished space is critical in satisfying anticipated demand.

FWM proposes the demolition of the retail and car park parts of Wimbledon Bridge House and development of a new primary open space (**Figure 1**). This open space is a focal point for the FWM as it provides a new location for Wimbledon Piazza.

Figure 1 Draft Future Wimbledon Masterplan Detail



Source: Draft Future Wimbledon Masterplan, LBM, October 2018

Impacts

Wimbledon Bridge House currently attracts high office demand as it offers high quality office and retail floorspace. In October 2018 10,335 sq ft was let in the building at an achieved rent of £46 per sq ft. This lease increased the property's occupancy to 100%. Increasing office rents in Wimbledon town centre are also associated with the restricted supply of high quality large floor plate office space.

The proposed new open space replaces the retail and car park components of Wimbledon Bridge House. We anticipate that FWM will blight the property and affect its value and returns by raising the possibility of a partial demolition. This is particularly of concern as there appears little certainty that the plans will actually be implemented. LBM have said the proposals will not be supported by any enforcement mechanisms. In effect they rely on CR2 to be implemented but the CR2 project and its design at Wimbledon is not confirmed. In addition given that clearly there will be significant costs incurred in implementing the plan it appears unlikely that the proposals would be viable and implementable, particularly if CR2 is not taken forward. Although it is questionable whether the plan will be implemented nevertheless a possibility depending on if and how CR2 is delivered.

The proposed open space is expected to affect the retail leases of the property as occupiers will face uncertainties to lease the existing retail units resulting in reducing interest and/or shorter lease periods. Office leases will also be affected by the possibility of demolition works and the lack of the car park. These impacts could affect the value of the property.

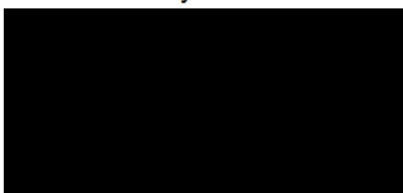
Alternative Options

For the above reasons we ask LBM to consider an alternative location for the proposed new open space. For example could it not be incorporated in to the new over station development while keeping its significant role? This solution would use space that is needed anyway for the over station proposals and so would have a much smaller impact on adjacent properties. This can still be adjacent to the train station and play a vital role in place making without affecting Wimbledon Bridge House and Wimbledon's commercial market.

As stated above, FWM is not dependent on CR2 and LBM rules out the use of compulsory purchase powers to enable its delivery. For these reasons FWM should explicitly state what it envisages in the event of CR2 not coming forward.

We request that the plan is re-considered.

Yours sincerely

A large black rectangular redaction box covering the signature area.

R Brooke
Head of Savills Economics

On behalf of Hermes Investment Management